

Securities and Exchange Commission

§ 250.85

§ 250.83 Exemption in the case of transactions with foreign associates.

(a) Any subsidiary company of a registered holding company, which subsidiary is or is about to become engaged in the performance of any service, sales, or construction contract for any associate company which does not derive, directly or indirectly, any material part of its income from sources within the United States and which is not a public utility company operating within the United States, may make application to the Commission for exemption, in whole or in part, from the standards established by section 13(b) of the Act (49 Stat. 825; 15 U.S.C. 79m), and the rules and regulations promulgated thereunder, relating to the performance of any service, sales, or construction contract for such associate companies.

(b) No form is prescribed therefor, but every such application shall comply with the provisions of § 250.20. Every such application shall fully set forth information regarding ownership of security issues, servicing activities of the applicant, and such other data as may be necessary to enable the Commission to determine if, by reason of the lack of any major interest of holders of securities offered in the United States in servicing arrangements affecting such serviced subsidiaries, or for any other reason, such an application for exemption should be granted as necessary or appropriate in the public interest or for the protection of investors.

(c) Upon filing such an application in good faith, the applicant shall be entitled to a temporary exemption from all provisions of section 13(b) of the Act, and the rules and regulations promulgated thereunder, as to which an exemption is sought, pending action by the Commission upon the application.

(d) Any subsidiary company of a registered holding company (including a mutual service company) may perform service, sales, or construction contracts for any associate company which does not derive, directly or indirectly, any material part of its income from sources within the United States and which is not a public utility company operating within the United

States without complying with the standards established by section 13(b) of the Act, and the rules and regulations thereunder, and without the necessity of filing an application for or securing an order of exemption from those standards, so long as the aggregate cost to all such associate companies for services, sales, or construction performed by virtue of the exemption granted by this paragraph (whether performed by one or more subsidiary companies or mutual service companies in the same holding company system) does not exceed \$10,000 within any one calendar year.

§ 250.84 Prohibition of unauthorized transactions by registered holding companies.

Except as authorized by rule, regulation, or order of the Commission, no registered holding company shall—whether or not pursuant to a contract heretofore or hereafter entered into—perform any service or construction for, or sell any goods to, any associate company thereof which is a public utility company, a mutual service company, or a company engaged in the business of performing services or construction for, or selling goods to, associate public utility companies, or enter into any contract to do so.

§ 250.85 Service, sales, and construction by registered holding companies.

Subject to compliance with the provisions of such rules, regulations, or orders of the Commission as may be applicable (including § 250.90), a registered holding company may perform services or construction for, or sell goods to, an associate company thereof, which is a public utility company, a mutual service company, or a company engaged in the business of performing services or construction for, or selling goods to, associate public utility companies, and such transaction shall be exempt from the provisions of section 13(a) of the Act (49 Stat. 825; 15 U.S.C. 79m), if:

(a) Such holding company is principally engaged in the business of an operating electric or gas utility company, or any business or businesses other than that of selling goods to associate companies, that of performing